

**STATEMENT OF PROCEEDINGS FOR THE REGULAR MEETING OF THE
CITY OF SAN FERNANDO OVERSIGHT BOARD**

**CITY OF SAN FERNANDO
CITY COUNCIL CHAMBERS
117 MACNEIL STREET
SAN FERNANDO, CALIFORNIA 91340**

Thursday, August 9, 2012

9:00 a.m.

AUDIO LINK FOR ENTIRE MEETING. (12-3890)

Attachments: [Audio](#)

I. CALL TO ORDER

Chair Judith M. Frank called the meeting to order at 9:07 a.m.

II. ROLL CALL

Present: **Chair Judith Frank, Vice Chair Federico Ramirez
Board Members Robert Moran, Meagan Reilly, Edgar Arroyo
and Jerry Ramirez**

Absent: **Board Member Monte Perez**

III. ADMINISTRATIVE MATTERS

- 1. Recommendation: Approve the Minutes of July 19, 2012. (12-3609)**

Chair Frank stated for the record, that there were a number of items on the minutes where there was a request for information, and was not sure as to where the appropriate place on the agenda would be to look into them, but for now the Oversight Board would approve the minutes. Ivonne Umana, Administrative Staff, informed the Oversight Board that the Successor Agency would provide the additional documentation requested from the July 19, 2012 meeting on Thursday, August 23, 2012 scheduled Special Meeting.

On motion of Vice Chair Ramirez, seconded by Board Member Moran, duly carried by the following vote, the Oversight Board approved the minutes for July 1, 2012:

Ayes: 5 - **Board Members Moran, Arroyo, J. Ramirez, Vice
Chair Ramirez, and Chair Frank**

Absent: 2 - **Board Members Reilly and Perez**

Attachments: [Minutes for July 19, 2012](#)

IV. RECOMMENDATIONS

2. Recommendation: Consider and Adopt Resolution approving the Recognized Obligation Payment Schedules (ROPS) for the period of January 1, 2013 through June 30, 2013. (12-3610)

Al Hernandez, City Administrator, presented a preliminary working copy of ROPS for the period of January 1, 2013 through June 30, 2013 (ROPS 3) for the Oversight Board's review and comments. Once the review, suggestions, corrections and recommendations are noted, the Successor Agency will be bringing the final ROPS 3 on August 23, 2012 for the Oversight Board's final review and approval.

Chair Frank suggested that the review of ROPS 3 be conducted Line Item by Line Item. Vice Chair Ramirez informed the Oversight Board that the Department of Finance provided in the new form a section of the ROPS 3 – Notes (Optional) Draft, which the Oversight Board can referred to. Vice Chair Ramirez further informed the Oversight Board that Mr. Hernandez will be providing a general summary for each line item and respond to questions and concerns

During Mr. Hernandez' presentation the Board Members had questions, concerns, requests and suggestions on the following Line Items of the ROPS 3:

Board Member Moran requested documentation to verify what monies were approved, received and used for ROPS 2. Mr. Hernandez informed the Oversight Board that the Successor Agency received \$1,601,453.34 and payment covered the following Line Item Nos.:

Line Item	Project No./Debt Obligation	Payee	Amount
1	1998 Tax Allocation Bonds Series	US Bank	\$649,613
2	2006 Tax Allocation Bonds Series	US Bank	\$841,723
3	1998 & 2006 Tax Allocation Bonds	US Bank	\$3,171
12	Wilshire Ventures – Attorney Fees	Aleshire	\$25,107
		Wynder, LLP	
13	LAUSD Ligitation	Richards, Watson & Gershon	\$9,000
15	DDA with Haagen/Tiangus	San Fernando Mission Partnership	\$60,000
	Administrative Cost		\$12,839
		Total	\$1,601,453

On Line Item No. 3, the Oversight Board approved \$3,500, however, Department of Finance only approved \$3,171, Successor Agency was short \$329.

Board Member Moran questioned Line Item No. 4, Retirement Override Assessment if the amount will continue to be \$50,000 on each ROPS. Mr. Hernandez advised that this amount will continued for another seven (7) to eight (8) payments as discussed during the review and discussion of ROPS 1 and ROPS 2 to recover an estimate of \$492,000. Chair Frank requested that this information be referenced on the "Recognized Obligation Payment Schedule (ROPS III) – Notes (Optional) Draft January 1, 2013 through June 30, 2013" spreadsheet.

Mr. Hernandez informed the Oversight Board that Line Item No. 9, Administrative Cost included the annual audit cost for the Due Diligence Review to take place before October 1, 2012. Presently the Successor Agency received estimates from two accounting firms and looking for a third to determine the least expensive and provide quality work. Mr. Hernandez furthered informed the Oversight Board of a letter received this morning which advised CPAs not to enter into an agreement based on the following statement:

"Cal CPA Governmental Accounting and Auditing Committee is particularly concerned about the additional requirements of the Due Diligence Review.....", the letter continued"CPA firms are advised not to enter into agreements on this issue, until parties agree on the procedures to be performed..."

Board Member Moran advised the Successor Agency to separate the cost of the Due Diligence Review Audit from the Administrative Budget, and identify it as a separate Line Item; adding that the audit is a new requirement of AB 1484. Board Member Moran further informed the Oversight Board and the Successor Agency that AB 1484 provides a section to allow the City to loan money to the Successor Agency to assist in the winding down responsibilities. Based on this topic of discussion, Mr. Hernandez informed the Oversight Board that the Successor Agency would be presenting a Cooperative Loan Agreement with a Resolution for the Oversight Board's review and approval at the meeting of August 23, 2012.

Chair Frank questioned if the CPA Association had concerns about the scope of work, payment issue or both. Mr. Hernandez felt the letter may refer to the scope of work, as some firms were unsure of what was required to commence and complete the Due Diligence Review to be in compliance with AB 1484.

Mrs. Reilly questioned if the CAP is a 6-month or 12-month CAP due to the fact that ROPS 3 is showing \$250,000. Mr. Hernandez responded that the CAP is a 12-month CAP. In ROPS 3, the CAP is showing \$250,000 in the attempt to recuperate the CAP from ROPS 2.

Vice Chair Ramirez suggested the Successor Agency update, for the Oversight Board's review, the supporting information in the Description/Project Scope column for Line Items on ROPS 3, to reflect the amount of what was not received or unpaid for in ROPS 2, in order to identify any discrepancy. Mr. Hernandez agreed that he will have that information available and will incorporate into ROPS 3 Description/Project Scope, what was actually paid, what was originally requested, what was approved, and what is still outstanding, reflecting the ROPS 3 fiscal year.

In regards to Line Item No. 14, Project No. 1/89 Annex, the Deferred County Loan, Mr. Hernandez, stated the Oversight Board approved this item in ROPS 2 but the Department of Finance (DOF) rejected it. He informed the Oversight Board that he sent letters dated May 30, 2012 and July 24, 2012, requesting DOF to reconsider this item. Board Member Moran stated that his understanding, the Auditor-Controller had some inconsistencies that needed to be cleaned up and repayments would be made as the resources were available. Vice Chair Ramirez referenced AB 1484, Section 34178(a), in part, which states "...the Successor Agency or Oversight Board cannot restore funding for an Enforceable Obligation that was deleted and/or reduced by Department of Finance." Based on that reference, Vice Chair Ramirez favors including it in ROPS 3, and suggests that under the Description/Project Scope Column to include a written request for reconsideration.

Mr. Hernandez clarified some misconceptions pertaining to Line Item No. 17, Retirement Tax Override, City of San Fernando Retirement Fund. He provided supporting documentation stating \$3.5 million in Tax Increments was received. The Auditor-Controller included the Retirement Money for the Project Areas in their calculations, which should have not been included in the calculations but towards the City's General Fund. The Successor Agency is requesting payment reimbursement. Vice Chair Ramirez stated the Tax Levy is somewhat specific to the City of San

Fernando, and the formula used by the County of Los Angeles, was understandable why an error may have occurred, because of the additional deduction that is not typical to other cities. Mr. Hernandez agreed, stating in the 1940's the voters of San Fernando voted in the Tax Levy for the Retirement Fund. Board Member Moran informed the Oversight Board he would contact the Auditor-Controller's Office for clarity and additional information on this issue.

Mr. Hernandez provided supporting documentation for Line Item No. 18, 20% Housing Set-Aside, Low Moderate Income Housing Fund, and stated there were some questions in paying the 20% Set-Aside or not, on the Demand for Payment letter the sent does not include payment of the 20% Set-Aside, which can be presumed that this should not be on the ROPS 3. Vice Chair Ramirez stated he was in favor of leaving it on the ROPS 3, and perhaps the Successor Agency return to the Oversight Board on the August 23, 2012 meeting with further clarification, including clarity on the remittance statement, which is currently posted on the general ledger, and answer if it should remain as part of the Assets of the Housing Successor Agency Low Moderate Housing Income Fund, and/or if the revenue available will the Successor Agency use to pay debt.

Chair Frank questioned if the Successor Agency is its Housing Authority. Mr. Hernandez informed the Oversight Board that on August 1, 2012 the City of San Fernando signed a resolution which opted the City of San Fernando to be the Successor Agency for the Affordable Housing Authority. In addition, on August 1, 2012 information was provided to the DOF pertaining to the housing assets, and would be made available to the Oversight Board. Mr. Hernandez further informed the Oversight Board that Low Moderate Housing will receive money through SERAF payment.

By Common Consent, there being no objection (Board Member Perez being absent), this item was continued to the Special Meeting, Thursday, August 23, 2012 at 10:00 a.m. for final review and approval.

Attachments: [Staff Report, Resolution, ROPS 3](#)
 [Supporting Documentation](#)

V. DISCUSSION

3. Update of status of Due Diligence Review. (12-3690)

Al Hernandez, City Administrator, presented a verbal report and informed the Oversight Board had received two estimates from accounting firms for the Due Diligence Review, and looking into a third firm. In response to Board Member Moran's question, and accordance to AB 1484, Mr. Hernandez affirm that the name of the accounting firm would be forwarded to the Auditor-Controller for approval.

Chair Frank stated that by next meeting the Successor Agency should have more clarity on this subject.

After discussion, by Common Consent, there being no objection (Board Member Perez being absent) the Oversight Board accepted Mr. Hernandez' report and was directed at the next meeting to have a little more clarity on the Due Diligence Review.

VI. MISCELLANEOUS

4. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-3611)

Al Hernandez, City Administrator, informed the Oversight Board that for the August 23, 2012 meeting, the Successor Agency would be placing on the agenda resolutions for ROPS 3, and the Administrative Budget, as well as a Cooperative Agreement between the City and the Successor Agency for Oversight Board approval

Ivonne Umana, Administrative Staff, in response to Chair Frank's inquiry, the Successor Agency would be providing supporting documentation pertaining to RDA owned parcel transfers requested from the July 19, 2012 meeting.

Board Member Reilly requested an updated Cash Flow report for the Special Meeting of August 23, 2012.

5. Public Comment. (12-3612)

There were none.

6. Adjournment. (12-3613)

The meeting adjourned at 10:26. A Special Meeting is scheduled for August 23, 2012 at 10:00 a.m.